

**SOLAR TITAN USA**



## **Confidential Information Presentation**

**October 2022**



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## **Cypress Associates LLC**

52 Vanderbilt Avenue  
New York, NY 10017  
Tel: (212) 682-2222  
Fax: (212) 682-2221

### **James Redpath**

*Managing Director*  
Tel: (917) 837-6670  
jredpath@cyprs.com

### **Kevin Sweeney**

*Managing Director*  
Tel: (203) 246-7542  
kms@cyprs.com

### **John Tolmie**

*Managing Director*  
Tel: (415) 999-4356  
jstolmie@cyprs.com

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# Solar Titan Overview



- **Rapidly growing, highly profitable Full-Service provider of residential solar installations, solar design and services**
  - Current markets include Tennessee, Kentucky, Georgia, and Alabama (TN, GA, and AL are non-net metering markets)
  - Identified organic growth strategy, with near term expansion plans targeting Mississippi and other southeastern states
  - Headquartered in Knoxville, TN with regional offices in TN, KY, and GA (current staff of over 220 employees)
- **Full-Service Business Model: differentiated vs. most competitors by dedicating in-house resources to *all activities from sales through solar design and installation***
  - Vast majority of residential solar installation companies outsource some or all sales and/or installation activities
  - The Company installs systems with the latest American-sourced solar panels, components and technology
  - Offers customers loan financing for all products and services (provided by leading solar consumer finance partners)
  - Outstanding relationships with major suppliers, ensuring no shortages of equipment and maintaining attractive gross margins
- **With sales of over \$100 million since its October 2019 founding, Solar Titan has quickly become a market leader**
  - Sold and installed over 15,000 kW and 2,400 solar systems since founding
- **Effective in-house sales and marketing capability targeting large, unpenetrated markets**
  - Strong track record for system sales in markets with and without net metering (KY / TN, GA, AL)
  - Demonstrated sales execution focused on proprietary training, sales team support, reporting and accountability
  - Excellent customer satisfaction: 3.8/5 stars on Google Review, with recent increased customer complaints due to system installation delays and inefficiencies due to the failure of a key component supplied by Generac which are being rectified
- **Invested in best-in-class logistics to drive growth, efficiency, and profitability**
  - Achieved superior operational efficiency with a streamlined sales and installation process and substantial investment in logistics
  - Historically quick turnaround times from initial leads through installation were impacted in 2022 by Generac component failure issues
- **Strong financial profile of rapid sales growth and profitability**
  - CY 2022 normalized revenue and adjusted normalized EBITDA projected at approximately \$80mm and \$13.1mm, respectively (a 16% margin)<sup>(1)</sup>
- **The Company is under a Letter of Intent for a sale transaction and is pursuing a bridge loan of up to \$1.2mm in two tranches – \$400K to support its temporary near-term losses and \$800K to fund working capital needs to support estimated Q1 2023 projected revenue growth**

(1) Reflects Revenues and Adjusted EBITDA normalized for temporary (May – December 2022) Generac repairs and sales management transition, plus conservative build-out and systems size projection. Assumptions for Q1 – Dec 2022: Normalized Y2022 Revenue and Adjusted EBITDA projected at \$56mm and \$630K, respectively

# Recent Developments Causing Temporary Cash Flow Pressure



## ➤ Industry Impact of Pink Energy's Demise

- In late September 2022, Pink Energy / Powerhome Solar closed its doors and on October 11 filed for Chapter 7 bankruptcy<sup>(1)</sup>
- Pink Energy's main problem was the failure of a key Generac component and the large installed base of Generac systems, the servicing of which crippled Powerhome's operations, created customer backlash and created substantial cash flow pressures
- Given the large size of the company (7th largest solar installer), this collapse sent ripple effects through the industry
  - In early August, Pink Energy filed a \$1 billion lawsuit against Generac<sup>(2)</sup>
  - In late August, Generac terminated the CEO of its Clean Energy division and restructured those activities under new leadership<sup>(3)</sup>
  - On September 29<sup>th</sup>, Sunlight Financial (the Company's 2nd largest lender) took a \$30 million+ write off and subsequently paused lending to all solar installer clients nationwide

## ➤ Effect on Solar Titan

- Solar Titan's sales team has continued to deliver excellent performance converting appointments to sales. However, shortly after its write-off announcement, Sunlight informed Solar Titan of a lending pause, eliminating ST's secondary source of credit approvals
- Shortly thereafter, Mosaic (the Company's primary financial partner) surprisingly began declining 95% of credits submitted for approval (such credits had continued to meet the pre-submission screening criteria outlined by Mosaic)
- This development, alongside continued diversion of installer crews to Generac-related service visits, resulted in a serious liquidity issue for Solar Titan

## ➤ Solar Titan Corrective Actions

- Solar Titan's founders financed the Q3 operating losses with equity contributions but have no further liquidity to fund additional losses
- The Company has taken numerous corrective actions, and there is a viable but tight pathway to navigate. Actions include:
  - Elevated the credit rejection issues at the highest levels of Mosaic (which confirmed it has not paused lending but has remained opaque about potential causes of increased Financings Not Qualified and has not provided any specific guidance on how to rectify the problem)
  - Received approval from GoodLeap to serve as Solar Titan's new primary lender (funding for deals initiated 10/24)
  - Establishing Service Finance as the Company's secondary lender, in addition to Sunlight which indicated it is returning to market selectively and has included Solar Titan on its list of approved partners
  - Furloughing a significant portion of the staff (to be re-deployed as sales volumes return to normal levels)
  - Requesting significant and immediate financial assistance from Generac at its highest levels (discussions pending, with low expected near-term results)
- **Solar Titan's conservative case near-term financial forecast suggests a need for approximately \$1.2mm to bridge operations to a closing of its pending sale transaction**

(1) See <https://gopink.com/> and <https://www.charlotteobserver.com/news/business/whats-in-store/article267129171.html>

(2) <https://pv-magazine-usa.com/2022/08/11/pink-energy-files-lawsuit-against-generac/>

(3) <https://www.prnewswire.com/news-releases/generac-terminates-clean-energy-division-302672362.html>



# Solar Titan Overview



## Senior Management Team

### **Sarah Kirkland**

*Co-Founder and CEO*

Co-founded Solar Titan in October 2019 and serves as CEO. Previously spent 15 years in operations, logistics, and leadership positions at home improvement firms including Kinetico Water Systems. Certified training by the North American Board of Certified Energy Practitioners and Solar Energy Storage training. Skilled in business development, hiring, scheduling, team building, sales, procurement, facility and fleet, and CRM implementation.

### **Brandon Stephens**

*Controller*

Joined Solar Titan in February 2022 with financial leadership experience in multinational corporations, heavy civil and commercial construction, and healthcare. Previous executive roles include Hospital Controller and Corporate Controller for regional industrial construction companies. International accounting management experience at Alstom/General Electric.

### **Stacey Monks**

*General Manager*

Joined Solar Titan in October 2020 and has a deep background in ERP / Workflow, Database / IT Management, Accounting / Finance and Administration. Previously spent 15 years in similar roles at Altair's State, Aesseal and Becton Dickinson.

### **John Sherrod**

*Marketing & Advertising Manager*

Joined Solar Titan in October 2020 with prior residential solar experience at numerous solar companies including Ion Solar, Sunrun, and SolarCity. Expertise in sales, marketing, management, and customer service. Oversees Solar Titan's market-based advertising programs and call center operations which set appointments for Energy Consultants.

### **John Carroll**

*Director of Sales & Training*

Joined Solar Titan in December 2020 and has over 18 years of experience as a sales manager, podium speaker, and sales trainer. He has spoken to over 500,000 people and has a half billion dollars in sales over his career. Previous experience includes sales & training roles at Holiday Inn Club Vacations, Diamond Resorts and Wyndham Vacations in five of the biggest tourism cities in the country – New York, Boston, Las Vegas, Orlando, and Ft. Lauderdale.

### **Dale Roden**

*Technical Operations Manager*

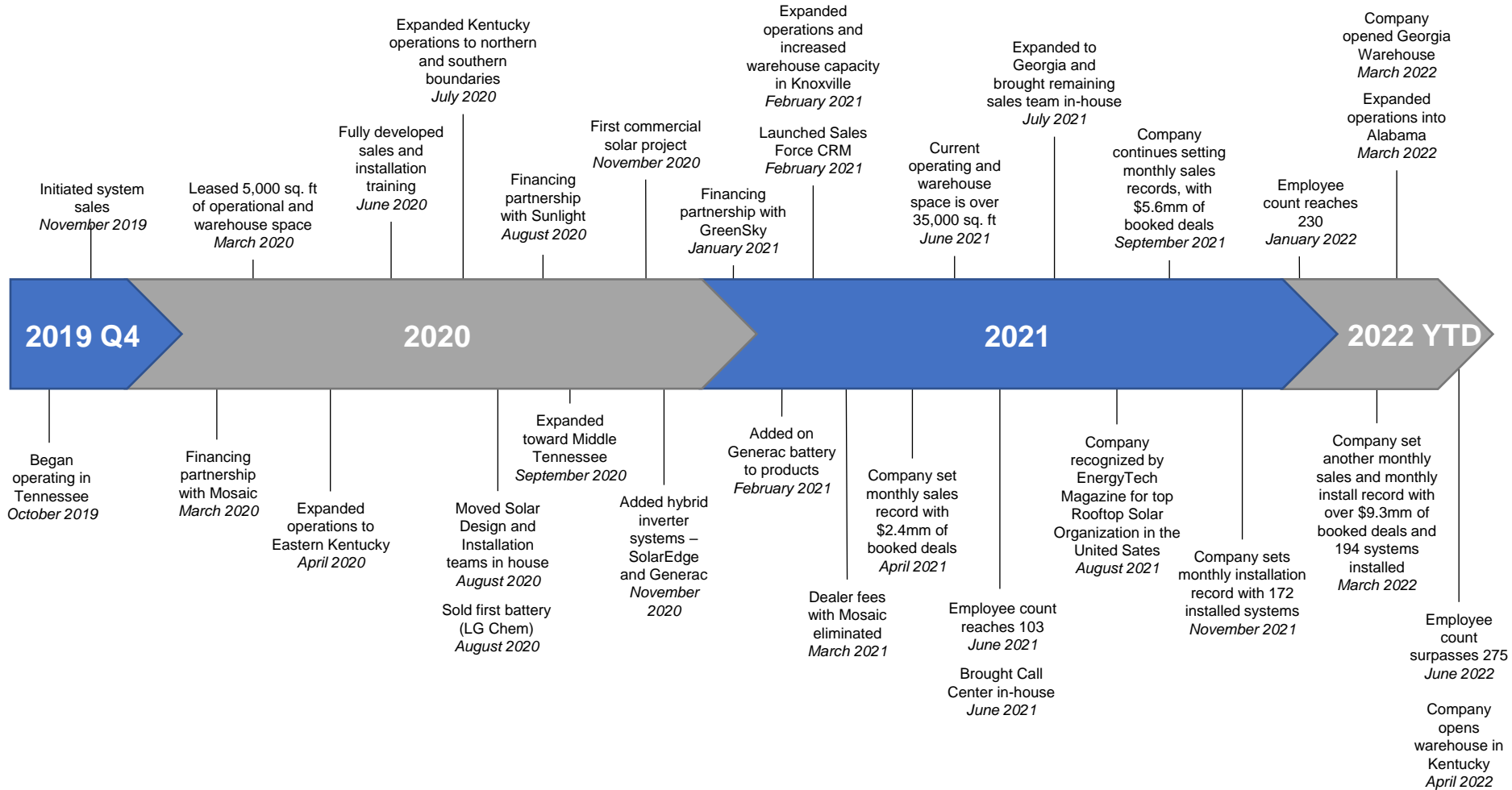
Joined Solar Titan in January 2021 and has over 20 years of experience in the electrical and renewable energy space with a focus in sustainable design and energy efficiency. Previous experience as Executive Director at Tri-State Electrical Contractors. Expertise in electrical installation and design, project development and management, programming, department training, and market development.

# Solar Titan Overview



## Company History & Milestones

- The Company is a Tennessee LLC named Ideal Horizon Benefits LLC which began doing business as Solar Titan USA in October 2019





# Solar Titan Overview



## Business Model Summary

### ➤ Differentiated Full-Service business model with in-house resources dedicated to all sales, solar design and installation activities

- Streamlined logistics enable the Company to advance sales from lead origination to installation in an average of 6 weeks

Stage	Solar Titan	Customer	Financing Partner
<b><u>Lead to Contract Signing</u></b> <i>(1 – 3 weeks)</i>	<ul style="list-style-type: none"><li>▪ Sets appointments with customer</li><li>▪ Collects customer information and relays to supplier and Financing Partner</li></ul>	<ul style="list-style-type: none"><li>▪ Commits to purchasing solar system, agrees to financing terms</li><li>▪ Average system cost is approximately \$45,000</li><li>▪ 3 business day right of cancellation</li></ul>	<ul style="list-style-type: none"><li>▪ Approves customer and financing terms, if applicable</li></ul>
<b><u>Solar Design, Interconnection, &amp; Permitting</u></b> <i>(1 – 4 weeks)</i>	<ul style="list-style-type: none"><li>▪ Finalizes designs (in-house)</li><li>▪ Obtains necessary permits</li><li>▪ Inter-connects with utility</li><li>▪ Schedules installation</li></ul>		
<b><u>Installation</u></b> <i>(1 – 4 days)</i>	<ul style="list-style-type: none"><li>▪ Performs installation (typically completed in one day)</li></ul>		<ul style="list-style-type: none"><li>▪ Commences lender relationship with customer</li></ul>
<b><u>Completion (PTO)</u></b> <i>(1 – 3 weeks)</i>	<ul style="list-style-type: none"><li>▪ Final inspection is performed by local regulators</li><li>▪ Permission to Operate (PTO) issued, certifying system as fully functional</li></ul>		
<b><u>Average Time from Lead Generation to Completed Installation is 6 weeks<sup>(2)</sup></u></b>			

# Solar Titan Overview



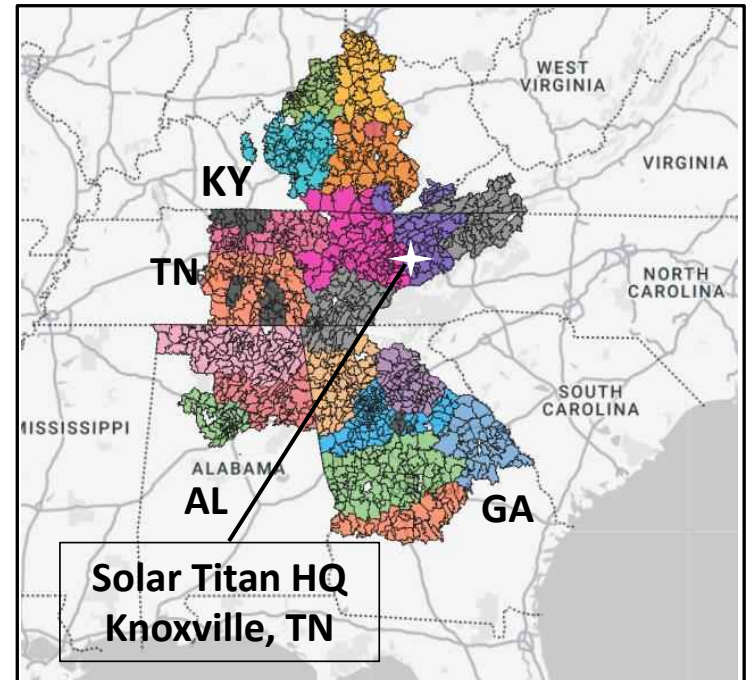
## Geographic Footprint

### ➤ Headquartered in Knoxville, Tennessee

- Solar Titan moved into its new headquarters in October 2021 and occupies a total of 50,000 sq. ft. between its HQ and warehouse location
- The Company's warehouse is in Knoxville, TN at a location nearby its corporate HQ
  - Knoxville location selected for larger, nearby warehouse facility
  - New warehouses recently opened in GA and KY
- Additionally, the Company rents offices in Nashville, TN, Lexington, KY, Louisville, KY, Richmond, KY, Kennesaw, GA, and Huntsville, AL



## Company Service Area



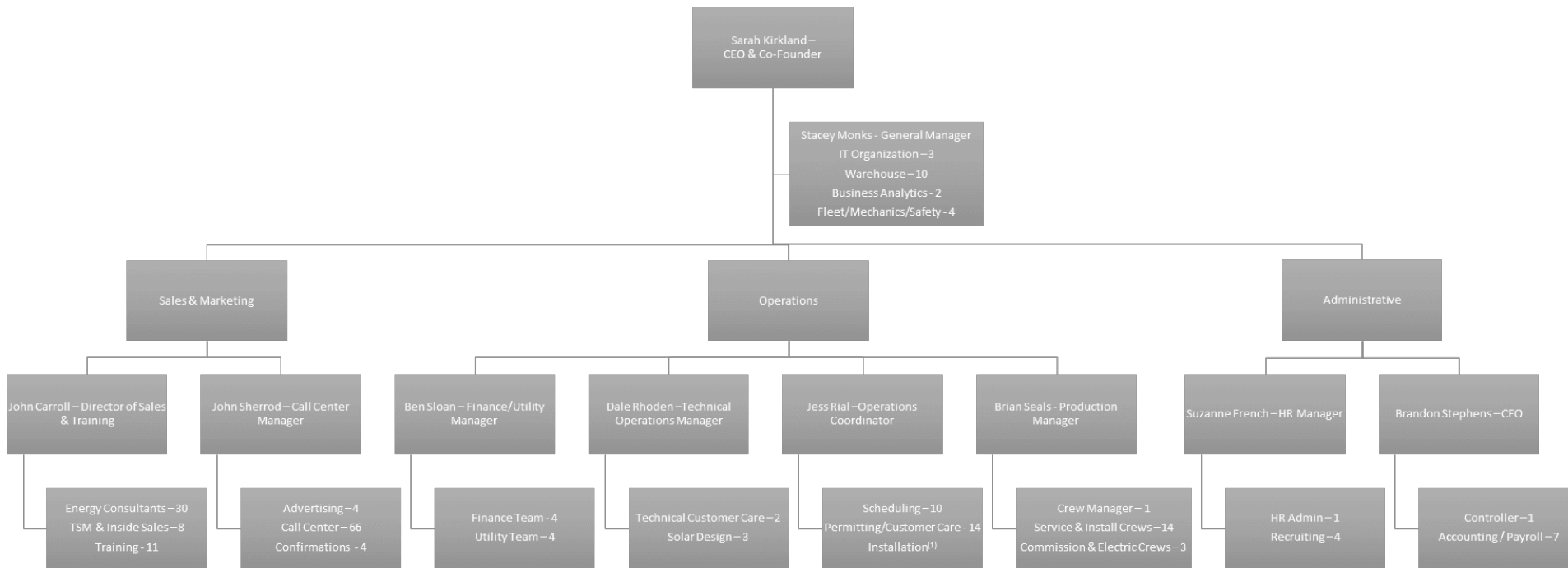
- Primary service areas in Tennessee are Knoxville, Chattanooga, and Nashville; in Kentucky are Lexington and Louisville; and in Alabama are Huntsville and Birmingham (with a 90-mile radius surrounding each city)
  - Plans to further expand in its existing states (TN, KY, GA and AL) and to **enter the MS market in November 2022**
  - Once new markets are established, will **further expand to FL and westward to AK, LA, and TX**

# Solar Titan Overview



## Organization Chart – Corporate and Operations

- **Solar Titan currently employs over 220 full-time and part-time team members**
  - All personnel are W-2 employees
- **Solar Titan's sales organization is led by the Director of Sales and Training, who oversees the functionality and training of the team**
  - The team also consists of a Sales Training Manager, Regional Territory Managers, and In-Field Trainers
  - Approximately 30 Energy Consultants (sales representatives) are currently employed by the Company, and all are integrated into the Company's CRM platform



Notes: Org Chart as of August 2022, except Energy Consultants

(1) Jess Rial coordinates the installation team, but they are managed by a combination of Brian Seals and other middle managers

# Solar Titan Overview



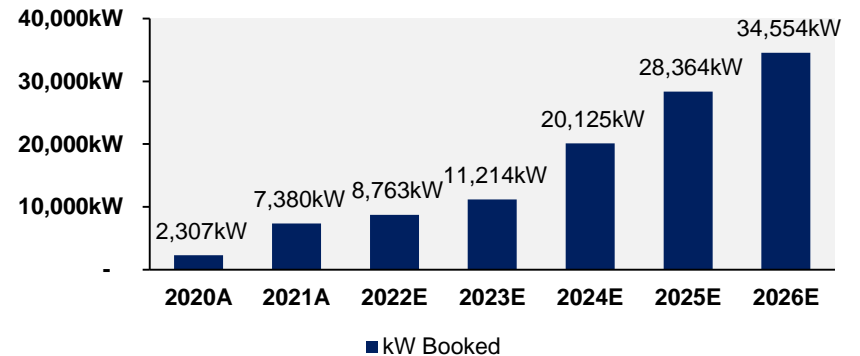
## Financial Summary

Revenue<sup>(1)</sup>

EBITDA

Booked Sales<sup>(1)</sup>

kW Booked



**Note: Projections reflect existing states, including AL, and mid-November 2022 target market of MS only. Further planned expansion to FL and westward to AK, LA, and TX is not included and represents a significant upside opportunity.**

(1) Reflects revenues normalized for temporary (May - December) Generac repairs and sales mgmt transition, plus conservative bookings and systems size projection assumptions for Jun - Dec. Non-normalized CY2022 revenue and Adjusted EBITDA projections of \$44m and \$630k, respectively.

# Solar Titan Overview



## *Transaction Objectives & Investment Highlights*

**Solar Titan is currently evaluating strategic alternatives with potential partners well positioned to accelerate the Company's ability to further grow revenue and profitability**

- **Leader in Large and Rapidly Growing Market for Residential Solar**
- **Focus on Under-Penetrated Service Territories Presents Outstanding Organic Growth Opportunities**
- **Demonstrated High Revenue Growth and Profitability**
- **Differentiated Full-Service Business Model with In-House Resources Performing All Sales, Solar Design and Installation Activities**
- **Strong Track Record for System Sales in Markets with and without Net Metering (KY, FL / TN, GA, AL)**
- **Demonstrated Sales Execution Focused on Training, Team Support, Reporting, Accountability and Customer Satisfaction**
- **Strong Relationships with Municipalities, Suppliers, and Financing Partners**
- **Identified Geographic Service Area Expansion will Drive Continued Organic Growth**
- **Commercial and Community Solar Presents Additional Untapped Growth Opportunity**
- **Expect Limited Regulatory Risk and Continued Benefits from Federal and State Solar Tax Credit Programs**
- **Environmentally Conscious Product Positioned to Take Advantage of Growing ESG and Clean Energy Movement**
- **Strong Management Team and Dedicated Motivated Staff**

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# Market Overview & Competitive Landscape

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# Market Overview and Competitive Landscape



## Executive Summary

***Solar Titan is well positioned to successfully scale and capture the explosive demand expected over the next decade in the highly fragmented, rapidly growing solar industry***

- **The solar installation market in the U.S. is large and growing rapidly**
  - As of Q4 2021, the U.S. has surpassed 3.3 million solar installations, exceeding the 3.0 million expected by year-end
  - Solar installation industry revenue in 2022 is estimated to reach \$11.4 billion
- **Continuing high demand driven by:**
  - Decreasing costs over the past decade
  - Federal and state, local incentives, including tax credits and net-metering
  - Improving, efficient, and more aesthetically-appealing clean technologies
  - Increasing occurrences of climate-related power shutdowns
- **The Biden administration has made solar a key driver in the push for its 2035 clean electricity goal**
  - The administration expects new solar projects to move from 3% of generation today to over 40% in 2035
  - Heavy investment and extension of clean energy tax credits to drive solar adoption
- **The majority of industry operators are small businesses servicing narrow geographic areas**
  - An estimated 95% of U.S. residential solar installers have less than \$5 million in annual revenue
  - An estimated 60% have 10 or less full-time employees
- **Solar Titan's target territories have very low penetration (less than 1%) for solar installations**
  - Most do not have favorable net-metering policies in place, driving additional demand for battery storage installation
- **By using only American-sourced panels, Solar Titan has minimized exposure to tariffs and import restrictions**

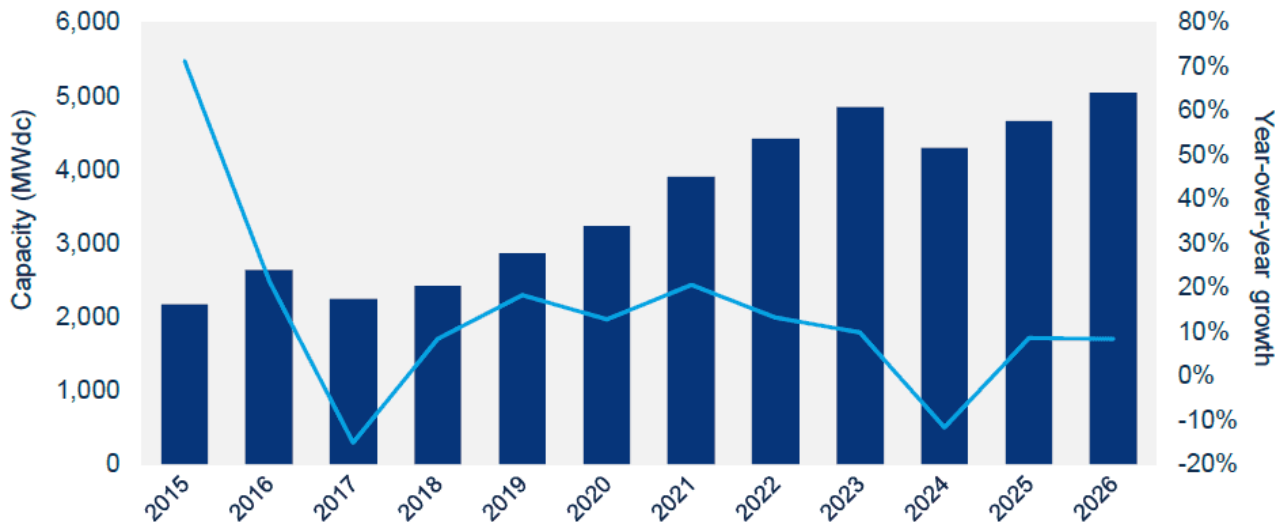
# Solar Installation Market Overview



## U.S. Solar Installation Market

- **The market for U.S. solar power installation is large and growing rapidly**
  - Solar installation industry revenue is estimated at \$11.4 billion in 2022<sup>(1)</sup>
  - Expected to nearly triple over the next decade, surpassing 464 GWdc nationwide by 2032<sup>(2)</sup>
- **2021 was a record-breaking year in the US, with 23.6 GWdc of solar PV installed, a 19% increase over 2020<sup>(2)</sup>**
- **Solar accounted for 46% of all new electricity-generating capacity added in the US in 2021<sup>(2)</sup>**
  - Third year in a row that solar has made up the largest share of new generating capacity in the US
  - Residential solar sales in 2021 totaled 514,000 or 4.2 GWdc, setting annual records
  - Residential solar installations grew 30% year-over-year, the highest rate since 2015
  - Wood Mackenzie forecasts 13% growth for residential solar in 2022, with upside if installers start to see supply chain relief

### Residential PV Installations and Forecast<sup>(3)</sup>



**Notes:**

(1) IBISWorld Industry Research Report. "Solar Panel Installation" February 2022

(2) SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2021-year-review>)

(3) SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2021-q3>)

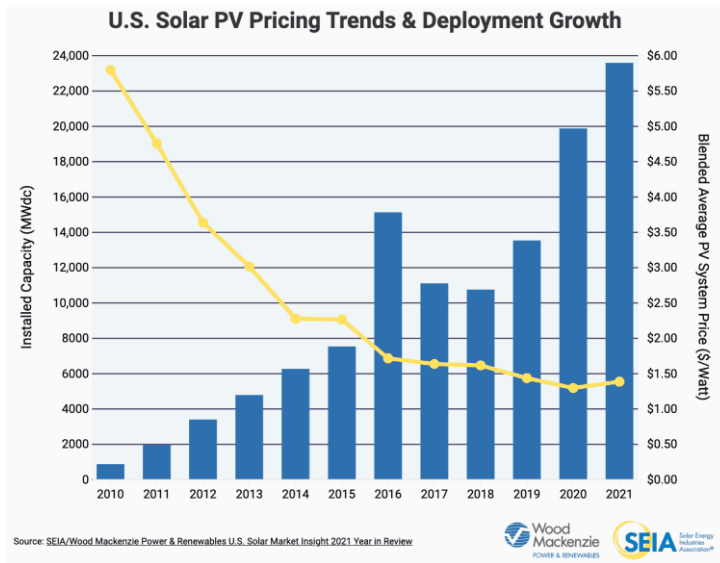
# Solar Installation Market Overview



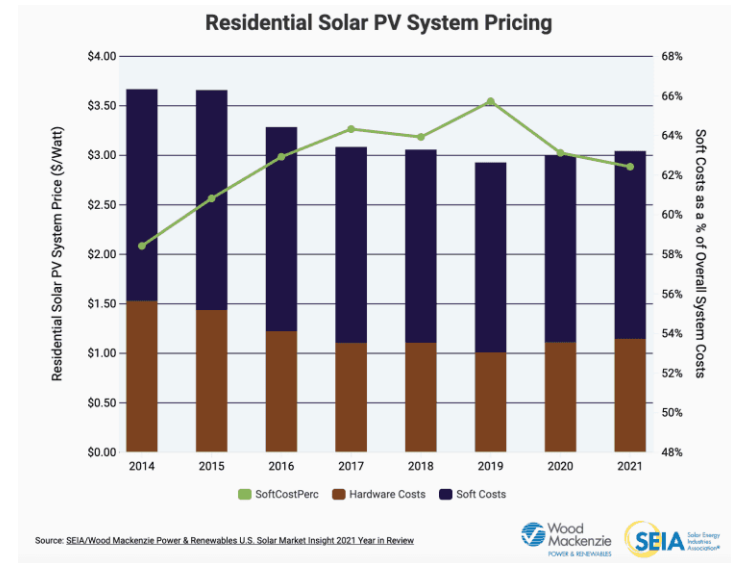
## *Falling Prices Have Driven Growth in Solar Installations*

- **The cost to consumers for solar installation has declined by more than 60% over the last decade<sup>(1)</sup>**
  - Recent utility-scale prices range from \$16-35/MWh, competitive with all other forms of generation
  - Due to recent inflationary pressures, price decreases have reversed, which is estimated to delay or cancel 13% of expected 2022 projects for the total industry
- **As of Q4 2021, residential solar prices increased 1.1% Q/Q<sup>(2)</sup>**
  - Average system prices continue to increase in wake of COVID pandemic

### Blended Solar Prices<sup>(1)</sup>



### Residential Solar Prices



#### Notes:

1. SEIA (<https://www.seia.org/solar-industry-research-data>)

2. SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2021-year-review>)

# Solar Installation Market Overview



## Residential Solar Penetration Remains Low Despite Growth in Recent Years

- **Over 500,000 residential projects were installed in 2021, setting an annual record**
  - By the end of 2021, 3.3 million solar energy systems were installed nationwide<sup>(1)</sup>
  - Residential installations grew 30% YoY, the largest annual growth rate since 2015<sup>(1)</sup>
  - Solar installations accounted for over 154,000 jobs in America, representing approximately 67% of solar industry jobs<sup>(2)</sup>
- **Low U.S. residential solar penetration<sup>(1, 2)</sup>**
  - U.S. solar penetration of residential installations is just above 2%
  - Residential solar penetration is near zero in Solar Titan's current and target geographic targets (see map below)
  - TN, KY, GA and AL ranked 43<sup>rd</sup>, 44<sup>th</sup>, 5<sup>th</sup>, and 28<sup>th</sup> respectively, in the U.S in terms of total PV installations as of the end of 2021
- **Homes, businesses and utilities are investing in solar even when they are not being required to, or even when they do not receive subsidies from state governments**
  - Largely because solar has become cost-competitive with natural gas, and some customers use solar as a hedge against future fluctuations in natural gas prices



### Residential Penetration<sup>(4)</sup>

Residential solar market size is massive and underpenetrated today



#### Notes:

(1) SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2021-year-review>, <https://www.seia.org/states-map>)

(2) SEIA (<https://www.seia.org/solar-industry-research-data>)

(3) U.S. Census Bureau <https://www.census.gov/quickfacts/fact/table/TN,KY,US/PST045219> (July 1, 2019 estimates)

(4) SunRun Investor Presentation May 2022

\* Includes residential, commercial and utility installations

The penetration rate declines at current levels as ~900k homes are built annually in the U.S.<sup>(3)</sup>

In May 2018, The California Energy Commission passed rules that effectively mandate that new homes have solar panels starting in 2020. California builds approximately 110,000 new homes annually. For context, there were approximately 150,000 new residential solar customers added in California during 2019.<sup>(2)</sup>

# Solar Installation Market Overview



## *Positive Outlook from U.S. Department of Energy*

### ➤ **Solar will drive President Biden's 2035 clean electricity goal for a largely decarbonized electricity sector<sup>(1)</sup>**

- Solar will need to accelerate three to four times more than the current rate by 2030 to reach administration goals

### ➤ **The Biden administration plans to reach the goal by investing heavily in solar energy**

- Extending clean energy tax credits by over \$300 billion
- Leveraging private capital for community solar projects
- Investing in solar innovation, solar materials, solar demonstration projects, critical material supply chains, and new manufacturing facilities in the U.S.
  - The administration has set a 2030 goal of cutting solar costs to \$0.02 and \$0.05 per kilowatt-hour in order to make solar more affordable for the typical home

### ➤ **The administration expects the pipeline of new solar projects could move solar from 3% of generation today to over 40% by 2035**

- Potential for 500,000 to 1,500,000 people working in solar by 2035, representing substantial growth over the estimated 300,000 people working in the industry today

### ➤ **SEIA comments on the Biden administration's Issue Brief reaffirms the positive outlook for solar<sup>(2)</sup>**

- "The Biden administration's report today on solar energy shows that with the right policies in place, solar will help tackle the climate crisis, build a strong U.S. manufacturing sector and create hundreds of thousands of jobs."
- "The Issue Brief clearly demonstrates the massive growth in solar over the last decade and charts a course for solar to grow market share and reduce emissions of greenhouse gases."
- "The report also makes it clear that meeting the Biden administration's goal for a zero-emissions electricity grid will require billions of dollars of investment and market opportunities through 2050 across all clean energy generation..."

#### Notes:

(1) The White House (<https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/17/fact-sheet-bipartisan-infrastructure-deal-and-build-back-better-agenda-present-bright-future-for-solar-power-good-jobs-and-more-affordable-energy/>)

(2) SEIA (<https://www.seia.org/news/solar-industry-comment-white-house-call-solar-investments>)

# Solar Installation Market Overview



## U.S. Residential Solar Power Consumer Trends

### ➤ Strong U.S. consumer trends

- 77% of consumers believe that renewable energy is more important to our future than coal, oil, and other fossil fuels, and fewer than half of Americans support expanding traditional energy sources
- 92% of Americans are in favor of expanding solar panel farms as an alternative energy source
- 78% of homeowners say that they want to install solar power<sup>(1)</sup>

### ➤ As the cost of installing solar has fallen, consumer interest in solar power has increased<sup>(1)</sup>

- Interest in solar has rebounded well past pre-COVID levels, with many Americans accelerating their adoption timeline<sup>(2)</sup>

### ➤ Consumers will pay more for quality

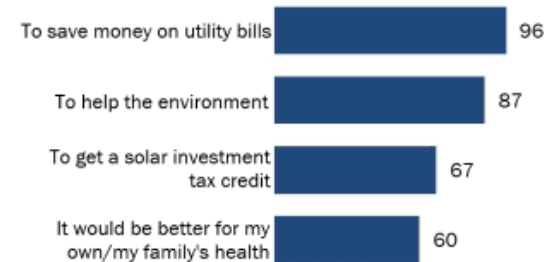
- Customers who are quoted Premium or Premium+ quotes for solar panels are more likely to select that option
- Consumers recognize the benefits of higher efficiency and performance<sup>(3)</sup>

### ➤ Multiple studies have shown that owning solar panels increases home value by 3-4%

- Value proposition tends to be higher in areas with higher utility rates and strong residential solar incentive programs
- Studies do not apply to solar system installs on a lease or PPA basis<sup>(4)</sup>

#### Reasons people consider solar at home: Cost savings, environment

% of homeowners who say each is a reason they have installed or would install solar panels at home



Note: Based on homeowners who have already installed or have given serious thought to installing solar panels at home. Those saying not a reason and those not giving an answer are not shown. Source: Survey conducted Oct 1-13, 2019.

PEW RESEARCH CENTER

#### Notes:

(1) <https://www.pewresearch.org/fact-tank/2020/01/15/renewable-energy-is-growing-fast-in-the-u-s-but-fossil-fuels-still-dominate/>; <https://www.pewresearch.org/science/2019/11/25/u-s-public-views-on-climate-and-energy/>;  
<https://www.solarreviews.com/blog/the-top-solar-incentive-programs-in-the-us>

(2) SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2020-year-review>)

(3) <https://www.pewresearch.org/fact-tank/2019/12/17/more-u-s-homeowners-say-they-are-considering-home-solar-panels/>

(4) <https://www.energysage.com/solar/why-go-solar/increased-property-values/>



# Solar Installation Market Overview



## *U.S. Residential Solar Power Consumer Trends (cont'd)*

- **A growing number of homes with solar panels are looking to add on to their existing systems**
  - Homeowners who initially were 'testing the waters' are starting to look to increase their capacity
- **Events such as the Texas winter storms in February 2021 and California's mandatory power shutoffs as a result of wildfires continue to drive consumer interest in solar and solar storage systems**
  - These events have been shown to have knock-on effect in other markets<sup>(1)</sup>
- **As solar panel systems age, they will require ongoing services such as panel cleaning and general maintenance**
  - Solar Titan is offering these growing services both to customers for whom Solar Titan installed solar systems and others with solar panels
  - With the rapid adoption of electric vehicles in the U.S., more and more homeowners will seek to charge their vehicles through solar energy<sup>(2)</sup>



### Notes:

(1) SEIA (<https://www.seia.org/research-resources/solar-market-insight-report-2020-year-review>)

(2) <https://news.energysage.com/solar-panels-and-electric-cars-how-to-use-solar-to-charge-my-vehicle/>

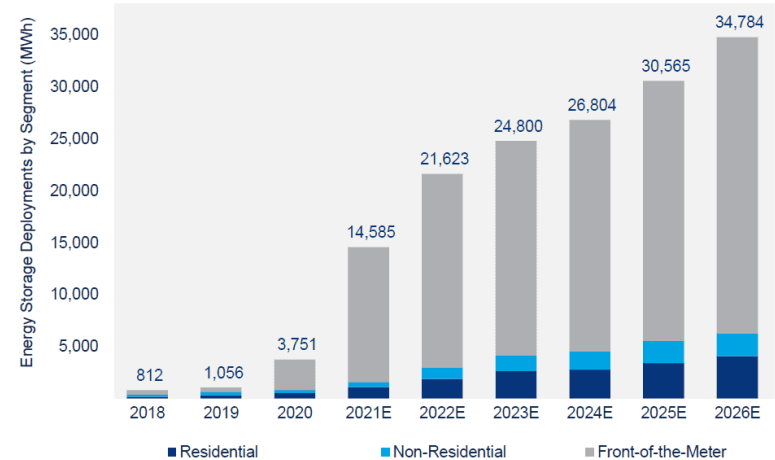
# Solar Installation Market Overview



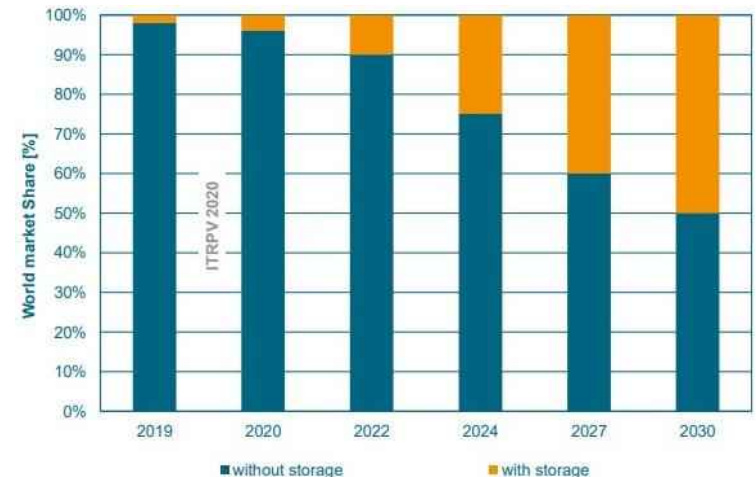
## Technological Developments

- **Strong trends in battery and storage expansion market provide an additional revenue channel for Solar Titan, which already offers storage services**
  - Extra storage provides the consumer independence from their local power grid, enabling their system to remain operational during power outages when paired with an inverter
- **By 2026, the annual U.S. storage market will grow 2.4x compared to 2021, in MWh terms<sup>(1)</sup>**
  - Storage sold in combination with PV systems is projected to increase from 10% of sales to 50% in the next 8 years
- **The residential energy storage segment had its strongest quarter to date in Q4 2021, with over 120 MW deployed across the US<sup>(1)</sup>**
  - Growth comes as new and existing storage products are being introduced in new states
  - Sales teams, the key interface between customers and storage vendors, are becoming increasingly well-versed in how to make battery backup resonate with homeowners switching to solar<sup>(1)</sup>
- **This upward trend is expected to continue, with residential storage projected to hit 2 GW/5.4 GWh annually in 2026, with the share of storage combined with PV sales to increase quickly<sup>(1)</sup>**
- **The value of the residential segment is expected to surpass \$1 billion in 2022<sup>(1)</sup>**

## U.S. Energy Storage Deployment Forecast<sup>(1)</sup>



## Share of PV Systems Combined with Storage<sup>(2)</sup>



### Notes:

(1) Wood Mackenzie U.S. Energy Storage Monitor, June 2021 & 2021 year in review, executive summary (<https://www.woodmac.com/research/products/power-and-renewables/us-energy-storage-monitor/>)

(2) <https://www.solarpowerworld.com/2021/07/01/the-energy-storage-market-is-growing-up-in-the-united-states/>



## *Technological Developments (cont'd)*

- **Across the solar industry, innovations and ideas such as bifacial technology, building-integrated PVs, floating solar farms, and solar fabrics and other solar surfaces drive efficiency and practicality for solar customers**
  - Side by side with hardware developments, solar software research is focused on optimizing solar panels and storage systems to ensure maximum efficiency and solar power availability
- **Numerous manufacturers have created battery storage and generator products containing inverters that can be fully functional when the grid goes down**
  - Traditional inverters, and thus the entire solar system, stop working when the grid goes down
  - Essentially removes dependency on grid as new generators allow batteries to recharge, panels to function, etc.
- **Interlocking and pre-wired panels enable installation crews to install more systems in less time**
- **Technological developments in solar panels are also expected to improve aesthetics, further expanding the residential solar market**
  - Recently, roofing shingles that double as solar panels have been introduced to the market
  - Similar technologies are expected to be incorporated into windows and other surfaces<sup>(1)</sup>
- **Research and development on new materials for solar panels, such as perovskite, could continue to drive demand as efficiency increases**
  - Researchers at Oxford PV, which spun out of Oxford University in 2010, have achieved 28% efficiency by coating silicon in perovskite, and believe they can reach 40% or higher
  - Currently, the most efficient solar panels max out at around 22% in terms of converting sunlight to electricity<sup>(2)</sup>



### Notes:

(1) IBISWorld Industry Research Report. "Solar Panel Installation" December 2020

(2) Power Magazine: <https://www.powermag.com/new-technology-keeps-solar-on-track/>



# Solar Installation Market Overview



## U.S. Solar Panel Tariffs

- **Current U.S. tariffs on imported solar panels are 18%, which has been extended another four years through 2026<sup>(1)</sup>**
  - Domestic manufacturers are shielded from the direct effects of these tariffs
  - Renewed focus on solar panel tariffs resulting from recent probe into tariff circumvention by Chinese manufacturers
    - Biden Administration recently announced it would waive solar tariffs for 24 months for four Southeast Asian nations in an attempt to spur stalled US projects
- **The recent Withhold Release Order (“WRO”) from the U.S. on metallurgical-grade silicon from certain companies with facilities in the Xinjiang region of China represents a risk to the industry<sup>(2)</sup>**
  - The first major enforcement by Customs and Border Protection (“CBP”) occurred in August 2021 when 100MW of equipment was detained from a major module vendor
  - The impact of the WRO is expected to depend upon CBP’s enforcement strength as well as the readiness of solar manufacturers and importers to demonstrate that their equipment is not subject to the WRO
- **By using American-sourced panels in all its installations, the Company has insulated itself as much as possible from the direct effect of tariffs on foreign-made solar panels and the WRO**
  - The Company’s primary manufacturers are in Georgia and Florida, and have indicated no risks to their ability to fulfill the Company’s demand levels
  - Relationships with additional U.S. manufacturers to ensure sourcing flexibility
  - Solar Titan promotes its US-based supply relationships in its marketing to consumers
- **To date, Solar Titan’s gross margins have not been negatively affected by increased cost of goods due to:**
  - increased volume purchases at lower unit costs from CED and other suppliers and
  - increased customer system prices



### Notes:

1. Reuters (<https://www.reuters.com/business/energy/biden-extends-modifies-trump-era-solar-tariffs-says-official-2022-02-04/>)

2. SEIA (<https://www.seia.org/research-resources/solar-market-highlights-2021>)

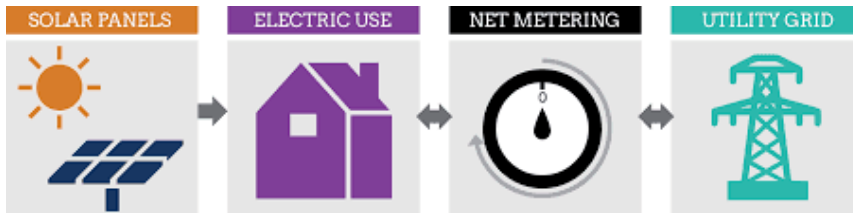
# Solar Installation Market Overview



## Regulatory Incentives and Subsidies

### Tax Credits and Rebates

- **Federal, state, and local governments offer solar energy tax credits and rebates to encourage homeowners to switch to renewable solar energy and lower their energy usage**
  - Solar rebates vary by state and have become less prevalent given how much more affordable solar has become
- **Proposed 2021 American Jobs Plan includes 10-year extension of solar investment tax credit (“ITC”)**
  - ITC offers a 26% tax credit for residential or commercial properties that install, develop, or finance a project by the end of 2022<sup>(2)</sup>
  - ITC has helped the U.S. solar industry grow more than 10,000% since 2006, with 50% average annual growth<sup>(1)</sup>
  - The tax credits, which are set to begin phasing down in 2023 and end in 2024, are expected to be extended in alignment with the Administration’s clean energy goals



### Net Metering Summary

- **Net metering is a billing mechanism that allows PV owners to sell unused energy back to the grid**
  - When a solar system generates more energy than the home uses, a credit is applied to the utility bill for the net amount
- **The broad effects of net metering have incentivized PV installation as users can lower their utility bills**
- **Net metering regulation, including how owners should be compensated for their energy, varies by state and utility provider**
  - Nuances relating to which utility providers must follow net metering laws, demand charges to solar owners, and how credits rollover at the end of the year also create differing homeowner rationales for installing solar<sup>(1)</sup>
- **In areas without net metering, or where net metering offers little credit, cost-effective battery storage allows homeowners to retain their unused energy for use later, essentially creating a net metering system**
  - As advancements in battery and inverter technologies drive economic efficiencies for homeowners, net metering may become unnecessary and obsolete

#### Notes:

(1) Solar Industry Mag ([https://solarindustrymag.com/biden-introduces-the-american-jobs-plan-proposing-ten-year-itc-ptc-extensions?utm\\_medium=email&utm\\_source=LNH+04-07-2021&utm\\_campaign=SI+Latest+News+Headlines](https://solarindustrymag.com/biden-introduces-the-american-jobs-plan-proposing-ten-year-itc-ptc-extensions?utm_medium=email&utm_source=LNH+04-07-2021&utm_campaign=SI+Latest+News+Headlines))

(2) SEIA (<https://www.seia.org/initiatives/solar-investment-tax-credit-itc#:~:text=Quick%20facts,large%2Dscale%20utility%20solar%20farms>)

# Competitive Landscape

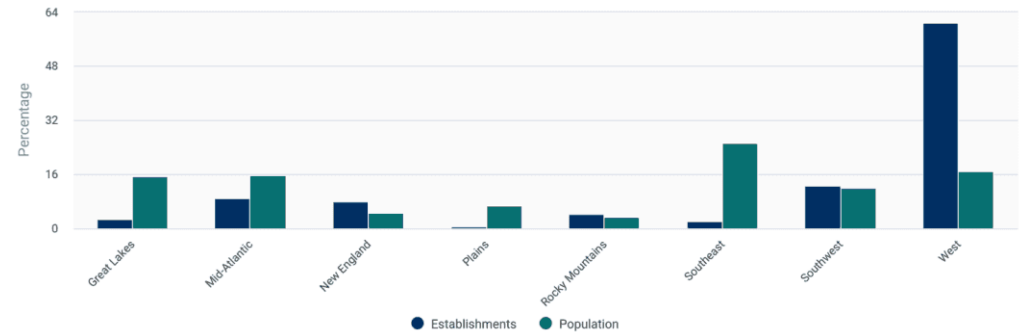


## Unmet Demand

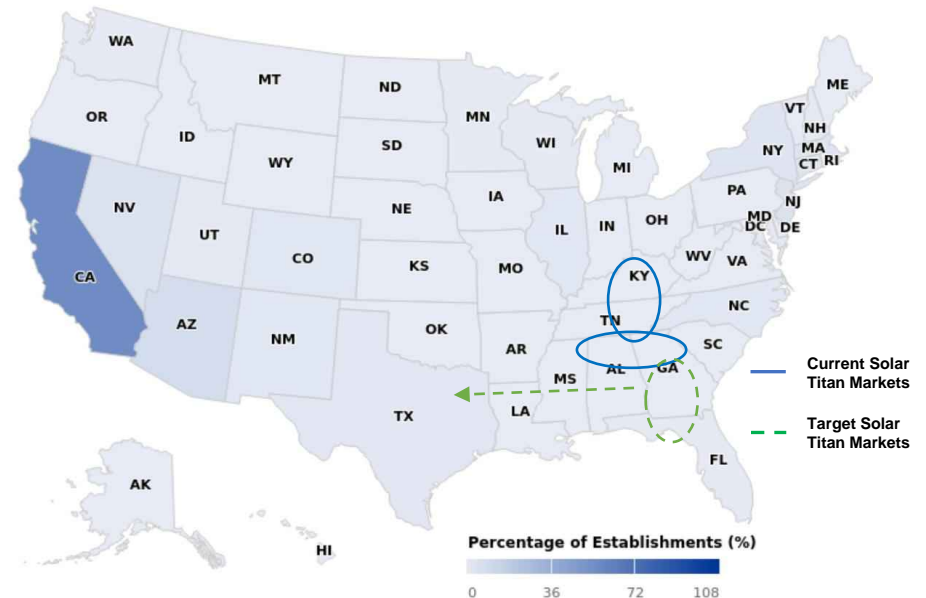
***The Southeast U.S. is home to a small percentage of solar panel installation companies despite containing approximately 25% of the U.S. population and having relatively sunny weather***



**Distribution of Installers vs US Population<sup>(1)</sup>**



**Percent of Solar Installers by State<sup>(1)</sup>**



Notes:  
 (1) IBISWorld Industry Research Report, "Solar Panel Installation" February 2022



# Competitive Landscape



## *Fragmented Industry*

- **Majority of industry operators are small businesses that serve specific, narrow geographic areas**
  - Nearly 60% of all industry operators employ less than 10 full-time employees<sup>(1)</sup>
  - It is estimated that 95% of U.S. residential solar installers have less than \$5 million in annual revenue, and within each state at least 75% have less than \$1 million in revenues<sup>(2)</sup>
- **Sunrun's 2020 acquisition of Vivint merged the two largest players in the space**
  - Except for South Carolina, neither company operates in any of Solar Titan's existing or target geographic areas

### Market Attractiveness Score<sup>(2)</sup>

Solar Titan's current and target markets all rank above 2.00 with KY and AL close to 3.00

*State scores based on **installation market growth and fragmentation level** within that state*  
*Higher scores indicate highly fragmented states with high growth potential*

**Notes:**

(1) IBISWorld Industry Research Report. "Solar Panel Installation" February 2022

(2) Solar Power Investor Briefing. "Consolidating the Fragmented Solar Installation Market" Q4 2020

# Competitive Landscape



## *Largest Residential Solar Contractors – Nationwide<sup>(1)</sup>*

***Solar Titan has sold and installed over 15,000 kW of solar systems (over \$100 million) since initiating sales in October 2019, and plans to quickly grow to a national leader***

(1) <https://www.solarpowerworldonline.com/2020-top-solar-contractors-home/>

(2) <https://investors.sunrun.com/news-events/press-releases/detail/230/sunrun-reports-fourth-quarter-and-full-year-2020-financial>

(3) PowerHome Solar / Pink Energy filed for Chapter 7 bankruptcy on October 1, 2021 due to financial pressures associated with the servicing of installed solar systems not performing due to Genieco component failures.

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# Business & Operations Overview

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# Product Overview



## Full Product Offering Suite

- Extensive offerings include installation, system add-ons & upgrades, and ongoing services
- Average system price is approximately \$45,000

### Solar and Power Product Offerings

Product	Pricing	Avg. Cost to Solar Titan*
Solar System	\$6.00 / watt	\$0.83 / watt
Battery – 9kWh	\$17,500	\$6,915
Battery – 15kWh	\$23,500	\$9,574
Battery – 18kWh	\$26,000	\$11,170
Generator	\$18,000	\$12,766 (subcontracted)



### Additional Service Offerings

Service	Pricing	Avg. Cost to Solar Titan
Roof Installation	\$14,000	\$8,000 (subcontracted)
Tree Removal	\$2,000	\$1,500 (subcontracted)
Service Calls	\$99.00 for first hour, \$49.00 per hour thereafter	\$18.00 - \$20.00 per hour
Panel Cleaning	\$250	\$90



\* Average cost includes use tax on materials, which averages around 8% across states

# Product Overview



## *Product Pricing and Revenue Model*

- **Pricing for PV installation is based on kW, and averages around \$6.00 per watt**
  - Average watt install size is 6.0 to 6.5kW for a residential customer, but generally ranges from 4 to 16kW
  - Number of panels required for installation does not affect price, as Company purchases on a per watt basis
- **Nearly all installations include battery storage in non-net metering markets (TN, GA, AL)**
  - Cost for a level 1 battery with 9kWh storage capacity, installed concurrent with PV installation, is \$17,500
    - Slightly higher pricing if done after the installation
  - The next tier is 15kWh capacity and costs an additional \$6,000
  - The final tier is 18kWh for an incremental \$2,500
- **About 1% of Solar Titan customers also seek generators with their solar installation**
  - The Company sells the generator to the customer, but installation and set up is done by a subcontractor
  - Some customers will purchase both battery storage and generators
- **Solar Titan plans to add additional revenue through its panel cleaning services as well as customer service calls**



# Product Overview



## Customer Value Proposition

- **By switching to solar power, customers can achieve both security and financial benefits**
  - Produce own power and thus are not tied to disaster-prone grid systems
  - Federal and state tax and net metering incentives
  - Hedge against inflation as power costs continue to rise
- **Renewable energy source reduces carbon footprint and utility costs**
  - Green, sustainable energy source that does not require the use of fossil fuels or release carbon emissions
- **No upfront cost for installation required**
  - Multiple financing partners to fit different customer profiles
- **Efficient installation process and strong relationships with regulatory bodies get customers up and running soon after committing to solar**
- **Top-tier solar equipment supplied by SolarEdge**
  - Intelligent panels can be monitored through cloud-based systems and optimized for maximum energy generation
  - Enhanced safety mechanisms offer ultimate protection for homeowners, installers, electricians, and fire departments in the event of an emergency
- **Dedicated customer service call center allows the Company to handle customer frustration points as quickly and seamlessly as possible**
- **12-month installation warranty**
  - Covers full servicing needs and replacement parts
  - After 12 months, manufacturer warranty applies, and Solar Titan will install any new parts provided under warranty

**Rising  
Energy Costs**



**New Energy  
Costs with  
Solar Panels**



# Training Overview



## Installation Crews

### ➤ Solar Titan employs proprietary installation training which results in quick and efficient solar system completion

- Installers receive ongoing training throughout their careers to stay current on new technology, equipment and methods

	Day 1	Day 2	Day 3	Day 4	Day 5
<b>Classroom / Visual</b>	<ul style="list-style-type: none"> <li>▪ Company Overview and Vision</li> <li>▪ Solar Excitement</li> <li>▪ Expectations</li> <li>▪ Responsibilities</li> <li>▪ Character Values</li> <li>▪ OSHA / Safety Importance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Morning Review</li> <li>▪ System Overview</li> </ul>	<ul style="list-style-type: none"> <li>▪ Battery Level 1</li> <li>▪ Battery Level 2</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ground Mount Overview</li> <li>▪ Trenching</li> <li>▪ Layout</li> <li>▪ Code and Inspections</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tool List - Company Provided</li> <li>▪ Tool List - Employee Provided</li> </ul>
<b>Hands-On</b>	<ul style="list-style-type: none"> <li>▪ Safety Training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Roof Racking System</li> <li>▪ Module and Optimizers</li> <li>▪ Electrical Components</li> </ul>	<ul style="list-style-type: none"> <li>▪ AC Disconnect</li> <li>▪ Inverter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Wire and Conduit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Welcome to Team Lunch</li> </ul>
<b>Quiz Material</b>		<ul style="list-style-type: none"> <li>▪ Safety Review</li> <li>▪ Roofing</li> <li>▪ Module and Optimizers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inverter</li> <li>▪ Battery</li> <li>▪ Overall Electric</li> <li>▪ Overall System</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ground Mount</li> <li>▪ Safety Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ Final</li> </ul>

**After Day 5, field training period begins and lasts 4 to 6 weeks**

# Training Overview (cont'd)



## Sales and Marketing Teams

### ➤ Extensive, focused sales training increases reach to new customers and improves sales conversion rates

- Proprietary training program for new sales employees, with ongoing training supporting career development

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6
<b>Classroom / Visual</b>	<ul style="list-style-type: none"> <li>▪ Movie</li> <li>▪ Expectations</li> <li>▪ Phase of Selling</li> <li>▪ Sales Model</li> <li>▪ Emotion</li> <li>▪ Steps for Success</li> <li>▪ Goal Settings</li> <li>▪ Character Values</li> <li>▪ Your Role</li> <li>▪ Personality Styles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overview</li> <li>▪ Bonding and Rapport</li> <li>▪ Discovery Moonwalking Bear</li> <li>▪ Dominate Buying Motive</li> <li>▪ 1, 2 and 3rd Level Questions</li> <li>▪ Company Credibility</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trail Closes / Tie Downs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overcoming Objections</li> <li>▪ 3<sup>rd</sup> Party Stories</li> <li>▪ Closing on Today</li> <li>▪ How to Reverse</li> <li>▪ How to Stay in Control</li> <li>▪ Review Everything</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prepack Paperwork</li> <li>▪ Salesforce</li> <li>▪ Pictures in Salesforce</li> </ul>	<ul style="list-style-type: none"> <li>▪ Salesforce</li> <li>▪ Financing Overviews - Mosaic, Sunlight, GreenSky, Foundation</li> </ul>
<b>Hands-On</b>	<ul style="list-style-type: none"> <li>▪ Verbal / Nonverbal Communication</li> <li>▪ Greetings / Your Story</li> </ul>	<ul style="list-style-type: none"> <li>▪ Your Story</li> <li>▪ Soft Intent (script)</li> <li>▪ Anyway, Money Pitch (script)</li> <li>▪ Role Play</li> </ul>	<ul style="list-style-type: none"> <li>▪ Role Play</li> <li>▪ Intent (script) - Braveheart Speech</li> <li>▪ Closing Sequence (script)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Round Robin Role Play</li> </ul>	<ul style="list-style-type: none"> <li>▪ Celebration Lunch</li> </ul>	
<b>Quiz Material</b>		<ul style="list-style-type: none"> <li>▪ Steps</li> </ul>	<ul style="list-style-type: none"> <li>▪ Anyway, Money</li> </ul>	<ul style="list-style-type: none"> <li>▪ Intent and Closing Sequence</li> </ul>	<ul style="list-style-type: none"> <li>▪ Final Written &amp; Oral Exam</li> </ul>	



## *CRM & Workflow*

- **Solar Titan began integrating Salesforce in February 2021 to provide a seamless, data driven CRM platform to centralize its data flow and coordinate its teams**
  - Initially used a small CRM, then switched to MarketSharp before beginning development in the Salesforce CRM in November 2020
  - The Company fully transitioned to the Salesforce platform in 2021
- **Each department in the organization makes use of the CRM:**
  - Appointment Setters use the leads, and the Energy Consultants have mobile flows that allow them to input documents and information directly into the system
  - The Admin team uses the system to track where the customers are in the permitting process, and Scheduling uses it to set the crew schedules
  - Financial Management and Reporting is done in Accounting Seed, which is Salesforce's financial module
  - Company is currently implementing an inventory tracking module to streamline end of month processes and provide real-time updates
- **The CRM has been tailored specifically to the Solar Titan organization, with project workflow moving seamlessly between the different departments**
  - Employees are alerted of their new tasks each day related to a current sale or installation, and each employee has access to all relevant customer information via the CRM
  - Once the task is marked as complete, a new task is generated corresponding to the next step of the project, and the appropriate team is notified
  - This workflow allows Solar Titan to move from lead generation to completed installation within a target goal of 6 weeks, significantly quicker than the industry standard
  - Solar Titan is constantly working to improve both its CRM and workflow functionality
- **All projects are overseen by the Operations Manager, who makes sure each project is moving along as scheduled**

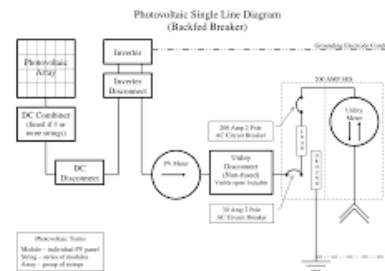
salesforce

# Operations Overview (cont'd)



## *In-House Solar Design and Warehouse Logistics*

- **Every installation requires solar design plans, which primarily consist of a 3-D model of the home/building to determine optimal solar panel location**
  - Solar Titan's in-house solar design team minimizes the cost to the Company, as no third-party engineering firm is required
  - Costs had ranged from \$250 to \$500 per job when the Company used outsourced solar designing, but costs have been reduced to approximately \$20 per job since moving the function in-house
- **The site survey is done at the point of sale by the Energy Consultant, who takes relevant images of the customer's home for the solar design team to review**
  - The images are uploaded automatically to the CRM, where the design team has quick access to them
  - Within 48 hours, the team develops a model, including single line diagram showing electricity lines
  - The Bill of Materials ("BOM") for the specific job is generated at this stage
- **Based on the project plans, the warehouse team prepares the required materials and gets them ready for pick up by the installation crew**
  - Inventory is managed using Salesforce
  - Allows for optimized purchasing and outfitting for installation crews
  - The Company keeps approximately 2 – 4 months of inventory on-hand at any time
  - Solar Titan does a full manual inventory review at each month-end to ensure they are properly keeping track of inventory
- **Materials are picked up by the assigned Installation Crew and loaded into trailers that are sent to the job sites**



# Operations Overview (cont'd)



## Installation

- **Solar Titan's logistical infrastructure, professional installation team, and strong regulatory relationships deliver solar power to customers approximately four to five weeks after they sign an agreement**
  - Sale to install generally takes 1-4 weeks, then another 1-3 weeks to achieve Permission to Operate (PTO)
- **Short project time results in a strong cash conversion cycle**



### Design & Approval

Following the sale, Solar Titan solar design teams quickly begin developing the site plans. The customer is shown the design and provides their approval on the morning of installation.

**Timing: 1 week**



### Permitting

Once the final design is complete, it is submitted to the city for permitting. The timing now depends on how quickly local government works.

**Timing: 1-2 weeks**



### Utility Interconnection

Documents are submitted to the utility company and a net meter is installed, if applicable, which tracks how much solar electricity is produced and used.

**Timing: 1-4 weeks**



### Installation

After the permit is granted and utility interconnection occurs, installation is performed.

**Timing: 1-4 days**



### City / County Inspections

When installation is finished, the city or county performs a final inspection before the system can be connected to the grid.

**Timing: 1-3 weeks**



### Power Up and Start Saving

When the utility company grants Permission to Operate (PTO), the solar system is initiated, and customers begin generating clean, affordable, and money-saving energy.



## *Strong Relationships with Suppliers, Power Providers, and Municipalities*

### **Suppliers**

➤ **Solar Titan sources the best-in-class equipment, and partners with the manufacturers to ensure that they have access to the required inventory at the most favorable costs**

- Suppliers are only utilized for distribution – the Company works directly with manufacturers, through agreements, to guarantee competitive pricing and required volume
- Net 30 payment terms with up to \$3.5 million in credit, allowing the Company to efficiently manage its working capital
- Equipment is sourced and from US based companies
- Equipment warranties are issued directly by the manufacturers to customers and average 10 years

### **Power Providers & Local Municipalities**

➤ **Solar Titan maintains excellent relationships with the local power authorities and municipalities in each market and maintains a database of the exact requirements for each inspector**

- The Company maintains accounts for each utility company and stores the specific requirements for that utility company so that the information is easily accessible for each installation, streamlining the process
- Solar Titan also obtains required licenses to work in new service areas quickly and easily, allowing them to start generating business shortly after expanding
  - The Company has a general contractor license and an electrical contractor license, and these are reciprocal with many other states, allowing it to minimize launch times in new markets
- Many state municipalities or power authorities (such as the Tennessee Valley Authority, or TVA) have specific lists of solar contractors which they recognize, presenting a barrier to entry for new players looking to compete in Solar Titan's markets









# Partnerships (cont'd)



## Financing Partners

- **Solar Titan has strong relationships with the leading solar financing companies**
  - GoodLeap is primary financing partner; dealer fees for Solar Titan's loan product are 0%
  - Service Finance is the Company's secondary lender
  - Mosaic was previously Solar Titan's primary lender but is now used as a secondary source due to recent high level of declinations
  - Sunlight indicated in mid-October that it is returning to solar system lending and that Solar Titan should be on the list of approved partners
- **Qualifying customers can finance their solar system entirely, with no up-front payment**
  - Over 95% of customers finance their solar installation
  - Solar Titan does not lease equipment or offer a power purchase agreement program
- **Partnerships with the financing companies provide Solar Titan with healthy and consistent cash flow**
  - The arrangements shift the risk of delayed or non-payments from Solar Titan to the financing companies
  - Solar Titan is paid within 7 days from milestones, giving the Company an attractive working capital profile

	Dealer Fee	Financing Options
	7.0%	20-Year; 25-Year
	2.5%	20-Year
	4.5%	20-Year
	0%	20-Year; 25-Year
	0%	20-Year; 25-Year
	2.5%	20-Year

**Majority of sales going forward will be financed through GoodLeap at no cost to Solar Titan**

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# Sales & Marketing

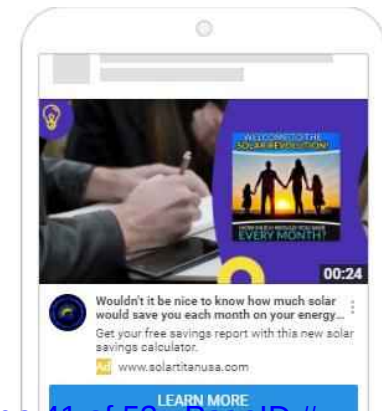
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# Sales & Marketing Overview



## Marketing and Lead Generation

- **In 2021, Solar Titan moved to a fully in-house marketing team complemented by external strategy consultants**
  - Focuses branding and advertising on social media (drives 75% of sales)
  - Facebook and YouTube account for the majority of social media sales
  - Instagram, Twitter, and Google AdWords are other channels
  - Target demographic is homeowners with a good credit score (640 or above)
  - Also partner with Conversion Hero and Solar Exclusive for social media strategy, with the goal of continuing to move marketing services in-house
- **In-house sales team strategy consistently contributes to Solar Titan's monthly sales activity**
- **Strong customer referral program drives majority of remaining sales**
  - Customers can receive cash back for each kW purchased by the referred customer
  - Excellent customer feedback with 3.8/5 stars on Google Review
  - Recent increased customer complaints due to system installation delays and inefficiencies due to the failure of a key component supplied by Generac which are being rectified
- **Additional leads come from:**
  - Homeowners who are generally interested in solar panels
  - Referrals from supply partners
  - Several external lead generation partners, including Modernize and Clean Energy Experts



# Sales & Marketing Overview



## *Lead Generation to Sale Close*

- **Once a sales lead is obtained, the potential customer is engaged through the call center to schedule an appointment within 5 minutes of receipt, or first thing in the morning if received after hours**
  - Solar Titan operates an in-house call center at its Knoxville headquarters
  - Call center employees are trained using a sales script, directing them how best to sell, schedule and respond to common customer questions
- **Interested prospects are set up with an in-home appointment by the Company's Energy Consultants (i.e., Sales Representatives) within one week**
  - Throughout the COVID-19 pandemic, the Company has maintained in-person appointments, if acceptable to the customer, and adhered to protocols for masking, social distancing, etc.
  - On average, appointments are 2 to 3 hours long and most often lead to a sale by end of day
  - Any financing arrangements are also made with the customer at the point of sale
  - Conversion from sit (appointment) to sale is in the 20% to 30% range, after declines and rescissions

## **Sales Team Incentives**

- **Energy Consultants work on a commission-only basis after their first 60 days with the Company**
  - Structured as a percentage of the net sale, which is just above 4% for sales at \$6.00 / watt or more
  - Commissions are paid 25% after Financing (Milestone 1) and 75% after Installation (Milestone 2)
- **Volume bonuses for Energy Consultants further promote sales growth**
  - The first bonus tier is hit when an Energy Consultant reaches \$200,000 in sales in each month
  - Bonus tiers increase thereafter for every additional \$100,000 in monthly sales

# Sales & Marketing Overview



## Key Sales Metrics

### Sales & Marketing Cost

#### Customer Acquisition Cost<sup>(1)</sup>

- Solar Titan's CY2021 customer acquisition cost is within the industry standard of \$0.75 per watt<sup>(2)</sup> and represents less than 20% of the 2021 system cost of \$4.75 per watt system
- The CAC is conservatively projected to increase as the Company's sales continue to grow

### Sat to Sale Conversion Rate

#### Sat To Sale Conversion<sup>(1)</sup>

- Solar Titan's appointments sat to sale conversion rate averaged over 22% for the September 2022 TTM period
- The Company has conservatively assumed a 15% conversion rate in its financial projections

(1) Reflects bookings normalized for temporary (May - December) sales mgt transition

(2) <https://www.woodmac.com/news/opinion/us-residential-solar-why-is-customer-acquisition-still-so-costly/>

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# Growth Strategy

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## *Further Geographic and Product Line Expansion*

- **After establishing a solid presence in Alabama and Mississippi, Solar Titan plans to further expand geographically westward to Arkansas, Louisiana, and Texas, as well as into Florida**
- **The Company has additional opportunities to capture revenue through storage and PV add-ons and upsells**
  - Currently, the Company is fielding sales requests for upgraded system components
  - Management expects 70% of its 9kW battery system sales to be upgraded to 15kW or 18kW systems within 24 months of installation
- **Solar Titan is also considering launching new product lines, including electric vehicle car chargers**
  - Customers will be able to choose to install solar panels while installing electric car chargers
  - Solar Titan would provide the charger as well as the solar panels, earning revenue for the products and installation services
  - The new product would provide additional revenue and, importantly, widen the Company's reach to customers purchasing electric vehicles that otherwise would not have considered solar panels
- **Additional opportunities to capture revenue from services such as panel cleaning and solar canopies will present themselves as the Company continues to grow**



# Growth Strategy

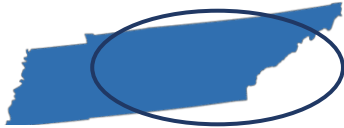


## Geographic Expansion – Existing Markets

- Continue to execute on under-penetrated markets in Georgia, Kentucky & Tennessee<sup>(1)</sup>

### Tennessee

- First market Solar Titan entered (non-net metered)
- Current headquarters location
- Solar infrastructure in the state can power up to 39,718 homes out of 3,028,213 total homes, representing penetration of only 1.3%<sup>(2)</sup> <sup>(3)</sup>
- Projected growth of 1,747 MW over the next 5 years<sup>(2)</sup>



### Kentucky

- Solar Titan's second market, and its most quickly growing on a kW booked by month basis (net metered)
- Solar infrastructure in the state can power up to 7,544 homes out of 2,006,358 total homes, representing penetration of only 0.4%<sup>(3)</sup> <sup>(4)</sup>
- Projected growth of 1,340 MW over the next 5 years<sup>(4)</sup>



### Georgia

- Solar Titan's most recent market launch (non-net metered)
- First install completed in July 2021
- Expanding from TN border to north of Atlanta, and then continuing southward from south of Atlanta
- Solar infrastructure in the state can power up to 542,276 homes out of 4,378,391 total homes, representing penetration of only 12.4%<sup>(3)</sup> <sup>(5)</sup>
- Projected growth of 2,119 MW over the next 5 years<sup>(5)</sup>



#### Notes:

(1) Solar Titan has no near-term plans to prioritize organic growth in South Carolina

(2) <https://www.seia.org/state-solar-policy/tennessee-solar>

(3) <https://www.census.gov/quickfacts/fact/table/GA,TN,KY,US/PST045219>

(4) <https://www.seia.org/state-solar-policy/kentucky-solar>

(5) <https://www.seia.org/state-solar-policy/georgia-solar>

# Growth Strategy



## Geographic Expansion – Existing and New Markets

### ➤ Attractive opportunities for expansion exist in markets adjacent to Solar Titan's current service areas

- Existing infrastructure can be leveraged for logistics in new territories, adding new warehouses and regional offices as needed

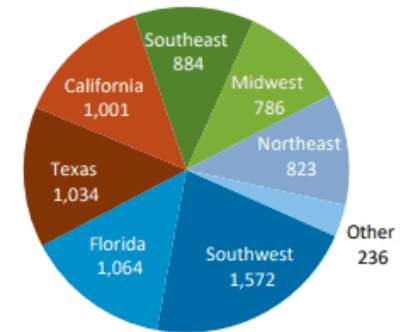
### Alabama (Existing)



- Solar Titan began selling in Alabama in March 2022, starting with the northeastern part of the state (non-net metered)
- Current solar infrastructure in this states can power up to 68,095 homes out of 2,284,847 total homes, representing penetration of 3.0%<sup>(1)</sup> <sup>(3)</sup>
- Projected growth of 1,212 MW over the next 5 years<sup>(1)</sup>

### H1 2021 US Solar Installations<sup>(1)</sup>

Data in MW<sub>AC</sub>



### Florida (New Market)



- In 2021, Florida was the 3<sup>rd</sup> largest market for solar (net metered)
  - Over 8,206 MW installed in 2021
  - Residential installs accounted for approximately 10% of total PV installations for H1 2021
- Current solar infrastructure in this state can power up to 1,063,032 homes out of 9,673,682 total homes, representing penetration of 10.99%<sup>(2)</sup> <sup>(3)</sup>
- Projected growth of 9,511 MW over the next 5 years<sup>(2)</sup>

#### Notes:

(1) <https://www.seia.org/state-solar-policy/alabama-solar>; National Renewable Energy Laboratory; Fall 2021 Solar Industry Update. October 20,

2021. <https://www.nrel.gov/docs/ty22osti/81325.pdf>

(2) <https://www.seia.org/state-solar-policy/florida-solar>

(3) <https://www.census.gov/quickfacts/fact/table/AL,FL/RH1725219>

# Growth Strategy



## Commercial Solar Market Expansion

- While the Company completed its first Commercial Solar installation project in November 2020, Commercial is not a current focus and today represents a small portion of revenues
- Solar Titan is regularly approached by small businesses, churches, hotels, and various government entities interested in Commercial-scale solar projects
  - The Company has declined most of these approaches as it currently lacks the logistics and manpower to complete them in the manner of excellence it strives for with all its customers
  - These opportunities have presented themselves without any marketing effort or dedicated cost
  - Solar Titan expects a quick uptake in sales when it begins to committing resources to Commercial Solar
- Growth of Commercial Solar has generally lagged residential
  - Lower electricity prices in the commercial market challenge the economics of solar installation<sup>(1)</sup>
  - Building owners are often not incentivized to install solar when tenants pay utility costs<sup>(1)</sup>
  - Solar equipment financing is more complex<sup>(1)</sup>
- These challenges are being overcome as news of successful projects reaches a wider audience and adoption picks up
  - Programs that promote private sector companies, consumers, and third parties to partner and invest in renewable energy<sup>(1)</sup>
  - 33% growth in commercial installations in Q1-Q3 2021 indicates growing demand across the space<sup>(2)</sup>

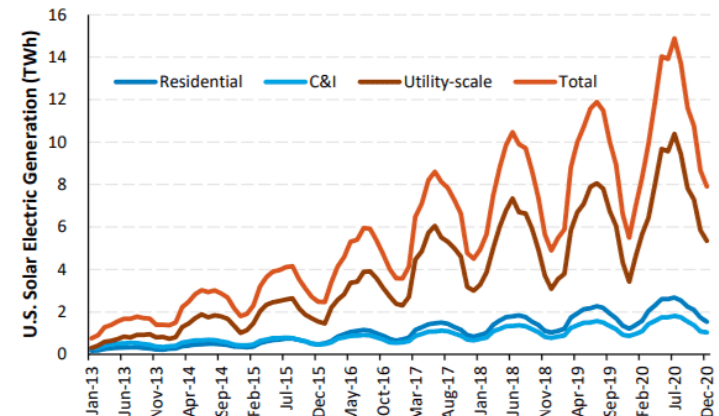
Notes:

(1) <https://www.aurorasolar.com/blog/making-sense-of-commercial-solar-what-you-need-to-know-about-ci/>

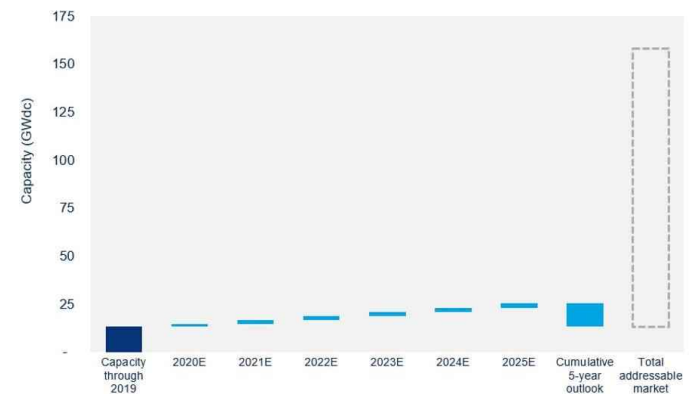
(2) NREL; Winter 2021/2022 Solar Industry Update. January 11, 2022. <https://www.nrel.gov/docs/fy22osti/81900.pdf>; NREL; H2 2020 Solar Industry Update. April 6, 2021. <https://www.nrel.gov/docs/fy21osti/79758.pdf>

(3) Wood Mackenzie, US Commercial Solar Presents a Massive Opportunity April 2020 (available at <https://www.forbes.com/sites/woodmackenzie/2020/04/06/us-commercial-solar-presents-a-massive-opportunity/?sh=4d6c71b935d8>)

## Solar Electric Generation<sup>(2)</sup>



## Commercial Solar Outlook<sup>(3)</sup>



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# Financial Summary

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# Financial Summary



## *Booked Sales, Installations and Recognized Revenue*

- **Solar Titan projects strong bookings growth as market share gains and geographic expansion occurs**
  - New market launch is projected mid-November 2022 (Mississippi)
- **Efficient installation process will continue to drive conversion from booked sales to recognized revenues as the Company grows**
- **Projects nearly \$300 million in 2026 revenue based on existing states and 2022 MS launch**
  - Planned further expansions to Florida and westward to Arkansas, Louisiana, and Texas represent significant upside opportunity

\* Conservatively assumes an average of 6.0kW per contract in estimated periods



# Financial Summary



## *Summary Income Statement*

- Solar Titan has invested in the infrastructure needed to drive near term sales growth at strong margins
- 2021 Revenue of approximately \$40 million, projected to double to over \$80 million in 2022 on a normalized basis<sup>(1)</sup>
- 2021 EBITDA of over \$10.0 million growing to approximately \$13 million in 2022 on a normalized basis (margin of approximately 16%) as the Company leverages its fixed cost infrastructure<sup>(1)</sup>
- Well positioned for geographic expansion given Solar Titan's current base of operations and new market entry track record: invested ability to minimize up-front costs and quickly increase new bookings and revenue
- Additionally, Cohn Reznick performed a Quality of Earnings ("QofE") evaluation of Solar Titan's financial statements

(1) Reflects Revenues, Gross Profit and Adjusted EBITDA normalized for temporary (May – December 2022) Generac repairs and sales management transition, plus conservative bookings and systems size projection assumptions for Oct – Dec 2022. Non-normalized CY2022 Revenue and Adjusted EBITDA projected at \$56mm and \$630K, respectively

# Financial Summary



## *Near-Term Cash Forecast*

- Solar Titan conservatively estimates a cash need of approximately \$1.2mm over the next 5 months (projected return to positive cash flow in April 2023)
- The Company is under a Letter of Intent for a sale transaction and is pursuing a bridge loan of up to \$1.2mm in two tranches – \$400K to support its temporary near-term losses and \$800K to fund working capital needs to support estimated Q1 2023 projected revenue growth
- The Company has taken cost cutting actions in order to manage the near-term liquidity issues, including reducing the workforce and increasing operational and administrative efficiencies

(1) Expenses reflect a significant reduction in workforce and include an estimated \$225,000 payment from Generac for reimbursement of component-related failures received in three payments across November, December, and January. Also, GoodLeap is processing ST's 46 October warehouse system sales (totaling \$1.7 million) for evaluation for credit approval.

# Financial Summary



## *Summary Balance Sheet*

- **Solar Titan's capital structure consists of common equity and no debt, other than a small amount of equipment-related capital leases**
  - Tennessee limited liability company
- **Common equity is 90% owned by co-founder R. Michael Atnip, a passive investor who provided initial funding to the Company, and 10% by co-founder & CEO Sarah Kirkland who received founders shares upon joining the Company.**
  - Craig Kelley is Solar Titan's third co-founder and through December 2021, provided guidance for the Company's sales and growth strategies through a consulting agreement
  - Mr. Kelley's services were transitioned to line operations staff in early 2022
- **Solar Titan has no employee equity incentive plan in place today**